

Objective

The fund seeks as high a level of current income as Putnam Management believes is consistent with preservation of capital.

Portfolio Managers**D. William Kohli**

(industry since 1988)

Michael J. Atkin

(industry since 1988)

Robert L. Davis, CFA

(industry since 1999)

Brett S. Kozlowski, CFA

(industry since 1997)

Michael V. Salm

(industry since 1989)

Paul D. Scanlon, CFA

(industry since 1986)

Morningstar category

Nontraditional Bond

Lipper category

Multi-Sector Income

Average effective duration

-0.70

30-day SEC yield

4.61%

Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. To-be-announced (TBA) mortgage commitments, if any, are included based on their issuer ratings. Ratings may vary over time. Cash, derivative instruments, and net other assets are shown in the not-rated category. Payables and receivables for TBA mortgage commitments are included in the not-rated category and may result in negative weights. **The fund itself has not been rated by an independent rating agency.**

**Not FDIC insured
May lose value
No bank guarantee**

Putnam Diversified Income Trust

Offering a diversified portfolio of income opportunities since 1988

Broad diversification

The fund seeks multiple sources of return outside the constraints of its benchmark, investing across traditional and alternative bond markets.

Flexible risk allocations

The fund takes a unique approach to asset allocation, dynamically establishing diversified risk exposures rather than sector exposures.

Active duration management

As the fund's duration is independent of any index, the fund employs strategies that seek to reduce interest-rate risk.

Pursuing opportunities inside and outside the benchmark

Portfolio quality		Sector	● Fund	● BBG Barclays U.S. Aggregate Bond Index
AAA	36.5%	Commercial MBS	24.1%	1.7%
AA	0.2%	Agency CMO	19.4	0.0
A	1.9%	High-yield corp. bonds	18.8	0.0
BBB	8.3%	Agency pass-through	11.4	28.1
BB	21.6%	Residential MBS (non-agency)	11.2	0.0
B	19.8%	Emerging-market bonds	9.2	1.9
CCC and below	9.0%	International Treasury/agency	2.4	3.0
Not rated	2.8%	Investment-grade corp. bonds	1.9	25.6
		Bank loans	1.8	0.0
		Covered bonds	0.0	0.1
		Asset-backed securities (ABS)	0.0	0.4
		Municipal bonds	0.0	0.8
		U.S. Treasury/agency	0.0	38.3

Holdings represent 100% of the portfolio and will vary over time.

Net cash represents 13.7% of the portfolio. 16.9% of the portfolio invested internationally. Allocations will vary over time.

Fund allocations may not total 100% of net assets because the table includes the notional value of derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities.

The fund's strategy has resulted in low correlations to a variety of bond indexes

Correlation of Putnam Diversified Income Trust versus:	1 year	3 years	5 years
BBG Barclays U.S. Aggregate Bond Index	-0.25	-0.46	-0.36
BBG Barclays U.S. Treasury Index	-0.37	-0.65	-0.56
BBG Barclays Global Aggregate Bond Index	-0.06	-0.12	-0.07

Correlation is a measure of how similar the historical performances of two different asset classes or securities have been. The maximum correlation is 1.0 and the minimum is 0 with values between 0 and -1 indicating negative correlation. A positive correlation close to 1.0 indicates that the historical returns of the two asset classes being compared have been very similar. A negative correlation close to -1.0 indicates that the historical returns of the two asset classes being compared have been opposite each other: For example, when one gained 5%, the other declined 5%. Correlations near zero indicate that there has been little discernible relationship between the two asset classes being compared.

Fund symbols

Class A	PDINX
Class B	PSIBX
Class C	PDVXC
Class M	PDVMX
Class R	PDVRX
Class Y	PDVYX

Lipper rankings

(Y shares, based on total return)

1 year	7% (21/326)
3 years	94% (226/242)
5 years	36% (65/184)
10 years	84% (84/100)

Total expense ratio(Y shares)
0.75%**Number of holdings**

1,210

Net assets

\$3,376.60M

Dividend frequency

Monthly

Standard deviation

5.72

Average effective maturity

5.98

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Y shares	3.7%	-36.2%	58.2%	13.5%	-3.4%	13.0%	8.2%	1.2%	-2.7%	5.4%	2.4%
BBG Barclays U.S. Aggregate Bond Index	7.0	5.2	5.9	6.5	7.8	4.2	-2.0	6.0	0.6	2.7	0.8

Annualized total return performance

Inception 7/1/96	Class Y shares	BBG Barclays U.S. Aggregate Bond Index
1 year	13.17%	0.44%
3 years	1.22	2.68
5 years	4.14	2.34
10 years	3.91	4.27
Life of fund	6.37	6.30

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for Class Y shares before their inception are derived from the historical performance of class A shares (inception 10/3/88), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

Highlights of five-year performance periods (10/3/88–3/31/17)*

Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
16.24%	12/31/13	-4.32%	12/31/08	6.38%	98%	92	2

* Based on annualized returns for quarterly rolling periods.

The Bloomberg (BBG) Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. The Bloomberg (BBG) Barclays U.S. Treasury Index is an unmanaged index of U.S. Treasury securities. The Bloomberg (BBG) Barclays Global Aggregate Bond Index is an unmanaged index of global investment-grade fixed-income securities. You cannot invest directly in an index.

Lipper rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper.

Standard deviation measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio over a 3-year period. **Average effective duration** provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates. **Average effective maturity** depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk.

Not all share classes available on all platforms.

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value when interest rates decline and decline in value when interest rates rise. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Unlike bonds, funds that invest in bonds have fees and expenses. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions of the risk of default, changes in government intervention, and factors related to a specific issuer or industry. These factors may also lead to periods of high volatility and reduced liquidity in the bond markets. You can lose money by investing in the fund.

Request a prospectus or a summary prospectus, if available, from your financial representative or by calling Putnam at 1-800-225-1581. These prospectuses include investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.